



Arizona State Retirement System

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Special Notice

Contribution rates set for FY 2012 PBI to remain constant

Questions?

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December 17, 2010

At its December 17, 2010 meeting, the ASRS Board of Trustees accepted valuations for the various ASRS program plans and approved new contribution rates for the Defined Benefit Plan for fiscal year 2012, which take effect July 1, 2011. The contribution rates are as follows:

Combined Pension Plan and Health Insurance Benefit:

Current Contribution Rate: 9.6%

Rate for July 1, 2011: 10.5%

Long-Term Disability (LTD):

Current Contribution Rate: 0.25%

Rate for July 1, 2011: 0.25%

Total Contribution Rate (Pension plus Health Insurance plus LTD):

Current Contribution Rate: 9.85%

Rate for July 1, 2011: 10.75%

Also at the Board meeting, it was presented that there are no funds available for an additional Permanent Benefit Increase for retired members. All current PBIs will continue to be included in benefit checks.

The increase in the Defined Benefit Plan contribution rate is due primarily to the downturn in the overall equity markets in 2008. Also impacting the rates: a shrinking government workforce, leading to decreased total contributions coming in for the fiscal year that ended June 30, 2010, the date of the actuarial valuation used to determine the contribution rate. The rate of return to the overall ASRS fund for the fiscal year ended June 30, 2010 was a positive 14.9 percent, but previous years' negative returns are still being recognized in the valuations.

For retirees, there still remain no excess returns to fund an addition to the Permanent Benefit Increase program. As outlined in state statute, increases can only be provided when there are excess returns. Given the market performance over the past 10-year period that the ASRS employs to recognize gains and losses over time, it is expected to be several years before the PBI pool can provide for an addition to the PBI to retirees.